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ON THE CONSUMER FRONT

This is an excerpt from a radio program presented by the General Federation of Women's Clubs on November 24, 1939, at 1:45 P.M., Eastern Standard Time, over the Red Network of the National Broadcasting Company, Washington, D. C. In it, Mrs. Saidie Orr Dunbar, President of the General Federation of Women's Clubs asks Donald E. Montgomery about bread prices. Mr. Montgomery is Consumers' Counsel of the Agricultural Adjustment Administration, Department of Agriculture, Washington, D. C. The program, prepared by the Consumers' Counsel Division of the AAA, is presented each Friday at this time.

DUNBAR: Mr. Montgomery, here's a question I'm curious about.

You know, I've been traveling around the country a good bit this fall. There's one thing I know, and that is, there are still many many people terribly hard up.

MONTGOMERY: That's very true, Mrs. Dunbar.

DUNBAR: If food costs went up it would hit these people hard.

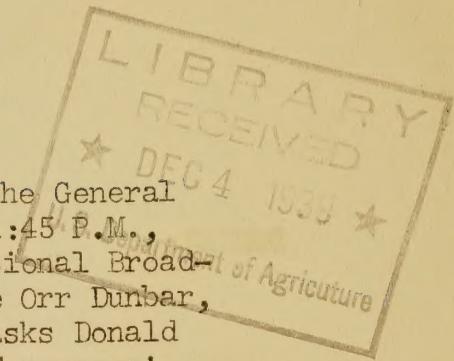
MONTGOMERY: You mean, unless there are more jobs to go around, and more pay.

DUNBAR: Yes. Well, now, of all the foods it seems to me bread is the most important. That's something everybody needs, and most people buy. How about it, Mr. Montgomery. Do you see higher bread prices ahead?

MONTGOMERY: Well, now, I'm no price prophet, Mrs. Dunbar.

DUNBAR: But you follow the figures and things. Do you see any reason why bread prices should go up very soon?

MONTGOMERY: Frankly, I don't.



DUNBAR: But I've been reading in the papers about how wheat prices are higher, Mr. Montgomery. Doesn't that mean bread is sure to cost more to consumers?

MONTGOMERY: Not necessarily. But let's look at that for a minute. How much do you pay for bread?

DUNBAR: About 8 cents, I think, for a pound loaf.

MONTGOMERY: Do you know how much of that 8 cents pays for the flour in your bread?

(PAUSE)

JIMMY: I give up, too.

MONTGOMERY: Well, the flour in your pound loaf would have cost the baker at wholesale last August, about one-and-a-third cents.

DUNBAR: Is that all?

JANET: But what does it cost now?

MONTGOMERY: Why, now, Janet, it costs only about one-and-two thirds cents.

DUNBAR: In other words, flour has gone up a third-of-a-cent on a pound loaf.

MONTGOMERY: Yes. Just about one-third-of-a-cent.

SALLY: But what about the other things in bread? Have they gone up?

MONTGOMERY: Nothing to speak of, Sally.

DUNBAR: But Mr. Montgomery, flour costs more. And yet you said a while ago, you didn't see any reason why bread prices should go up. Why did you say that?

MONTGOMERY: Because the margin going to bakers and dealers -- I mean the margin between what they pay for bread materials and what you pay for bread -- in August was larger than it had been since 1930.

DUNBAR: But now it must be smaller. At least a third-of-a-cent smaller.

MONTGOMERY: Perhaps, but even so, it should still average somewhat more than for several years past.

JIMMY: Have the bakers been making good profits?

MONTGOMERY: Well, the four big baking companies made a million dollars more profit in the first half of this year than they made in the first half of last year.

DUNBAR: Mr. Montgomery, have bread prices already gone up?

MONTGOMERY: No, they haven't, I'm glad to say.

DUNBAR: Do the trade papers talk as if they might?

MONTGOMERY: I read one report last month that was interesting.

DUNBAR: What did it say?

MONTGOMERY: It said lots of bakers were seriously thinking about raising prices, but they weren't agreed on how to go about it.

DUNBAR: How to go about it?

MONTGOMERY: For instance, this story said, there were three ways bakers might charge more. One way was to reduce the weight, but to charge the same price.

DUNBAR: So consumers would get less for their money.

MONTGOMERY: Exactly. Another way was to "fix up" their bakery products so they'd look different.

DUNBAR: I suppose that way, consumers wouldn't know if they were charged more.

MONTGOMERY: The third way, of course, would be just frankly to raise prices.

DUNBAR: But do you think bakers will do any of these things?

MONTGOMERY: I can't tell that, Mrs. Dunbar. But after this story came out, I read that the American Bakers Association had a convention in New York, and there they seemed to agree that the big supplies of wheat and other ingredients were an "insurance against radical advances" in bread prices. You know there's more wheat in the world today than there's ever been at one time.

DUNBAR: That certainly should help to keep prices from shooting up.

JIMMY: Just the same, it seems to me it would be a smart idea for consumers to watch how much bread they get in a loaf.

MON GOMERY: That's a very good idea, Jimmy. Always look for the net weight.

JIMMY: And where it isn't marked on the loaf, consumers should have their bread weighed, so they know how many ounces they're getting.

ANNOUNCER: Consumers you have been listening to Mrs. Saidie Orr Dunbar, President of the General Federation of Women's Clubs, her 4 consumer reporters, and to Mr. Donald Montgomery, Consumers' Counsel of the Department of Agriculture.

